GOVERNMENT-WIDE PURCHASE CARD ISSUES

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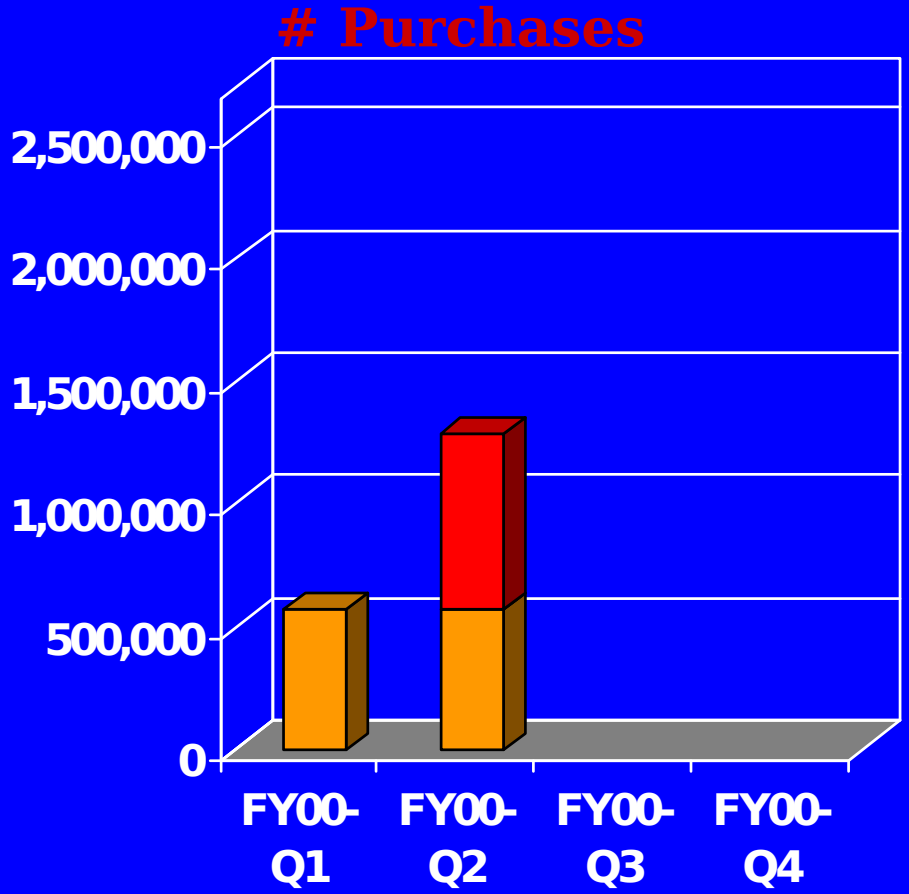
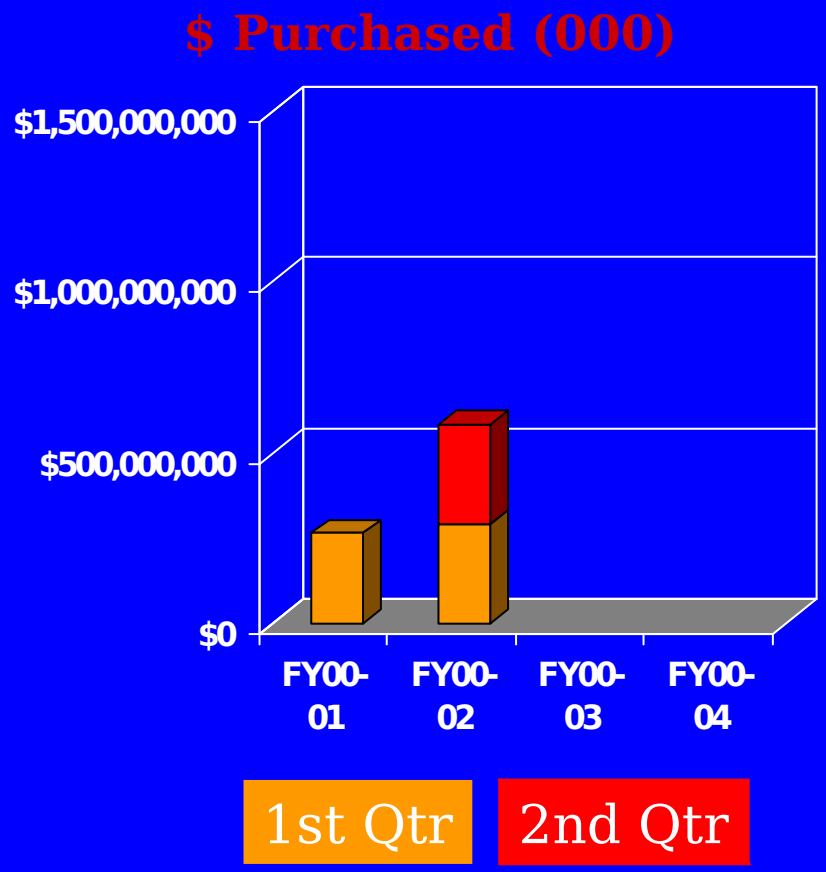
Air Force Government-wide Purchase Card Program
(Purchases Made with Card)

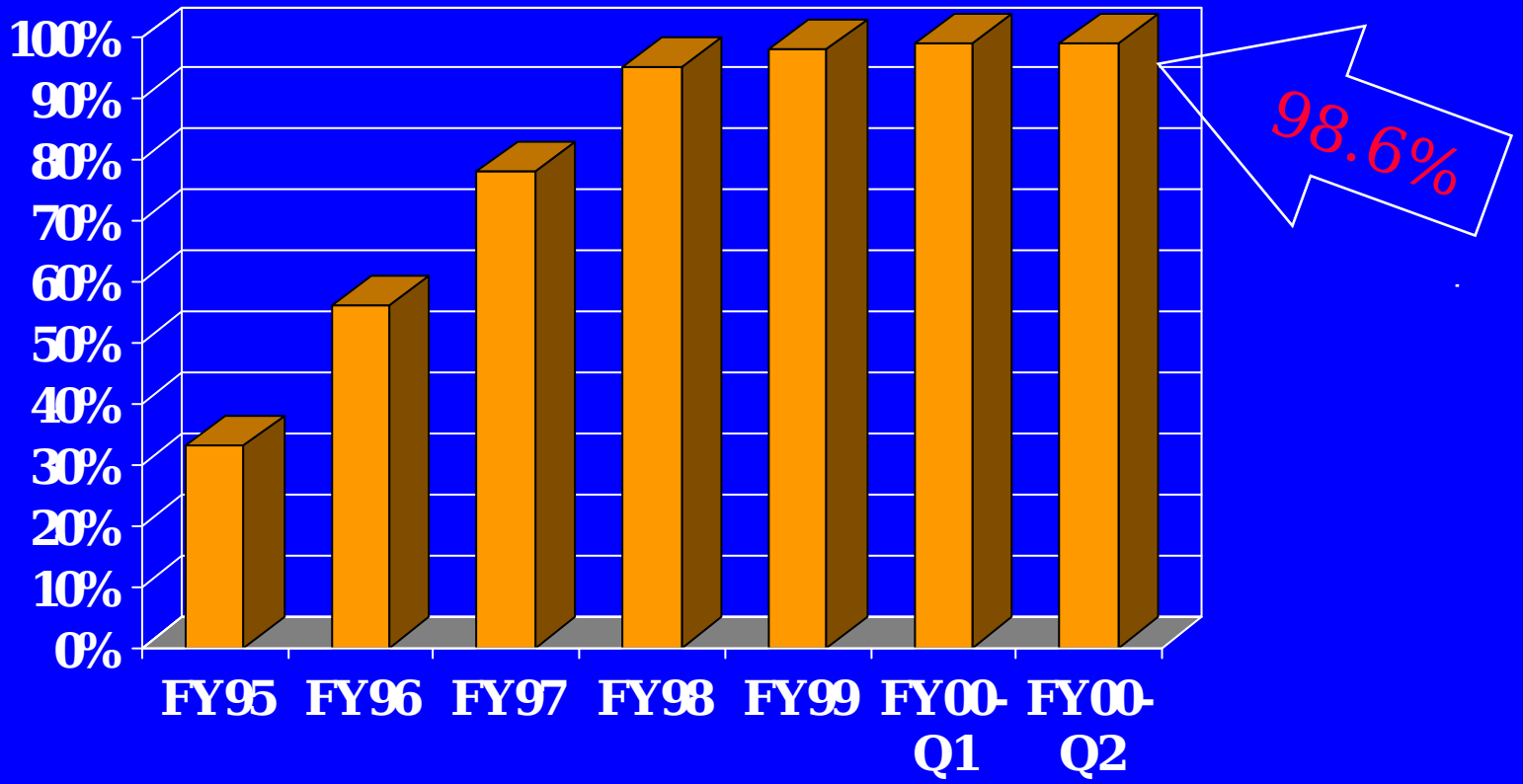




73,405 Cardholders Air Force-wide

Air Force IMPAC Use

Percent of Micropurchase Actions (≤$2,500)



AFI 64-117
AIR FORCE GOVERNMENT-WIDE PURCHASE CARD STATUS

- Two Letter Coordination
- Projected Release: 30 June 00

C.A.R.E. UPDATE

- Customer Automation and Reporting Environment
  - On-Line Bank Reporting System
  - Account Set-up
  - On-Line Access to Accounts by Billing Official
  - One Card--Reallocates Multiple Lines of Accounting
  - Faster File Turn Time by Financial Services Office Resulting in Higher Rebates!

C.A.R.E. UPDATE (Cont'd)

- Army Implementation Behind Schedule
- User Acceptance Test Currently In Process
- Pilot Test on a Few Accounts at Forts Polk and Rucker--June 00
- Full Operational Capability at Forts--Jul 00
- AF Variant--Initial Operational Capability

  Best Estimate: October 00

IMPAC USE AFAA FINDINGS

- Overall, AF Implemented an Effective Program
- Internal Controls not Always Effective
  - A/OPCs Did not Always Perform Adequate Cardholder Surveillance
  - Proper Documentation Not Always Available
  - Lack of Approvals for Regulated Items
  - Splitting of Purchases to Stay Below Limit
  - Supplies not Purchased from Required Vendors

AUDIT RECOMMENDATIONS

- Revise AFI 64-117 to Change Annual Surveillance Rqmts from Cardholder to Billing Official. AF Response:
  - 100% Cardholder Review by Billing Official
  - A/OPC Reviews BO 100% and 25% Cardholder Spot Check

AUDIT RECOMMENDATIONS (Continued)

- Reiterate Program Responsibilities to All Accountable Officials. AF Response:
  - Statement of Responsibilities is on Monthly Cardholder/Billing Statements
  - Re-emphasize through “Continuous Education”
    - AF/CV Letter to MAJCOM/CVs
    - Increased Training Role for Functional Orgs

OTHER “HOT TOPICS”

- Contractors and Cards
- Splitting of Requirements

CONTRACTORS AND CARDS

- Authorized when :
  - Cost Reimbursable Contractors authorized by CO; Written Determination
  - Tax Exemption Not on Contractor Card
  - Additional Rules
    - Billing Official Shall be in Ktr's Organization
    - **Ktr Funds Must be Source of Payment**
    - Ktr then Claims Costs as a Reimbursement Against Contract
    - All Admin/Funding by Ktr
    - Government Liable if Ktr does not Pay

CONTRACTORS AND CARDS (Cont'd)

- Process
  - Contractor Requests PCO Ltr Authorizing Establishment of Account
  - Authorized Contractor Must File a Request for Eligibility Determination With GSA Smart Pay CO BEFORE Contacting the Bank
  - After GSA Approval, Letter Forwarded to Bank
  - Account Must be Established by Ktr in Ktr's Name

SPLITTING OF REQUIREMENTS

- Cardholders Prohibited by Law and Regulation from Making Repeat Buys of **Same Item*** to Avoid $2500 Single Purchase Limit or $25,000 Ordering Limit
- What Did Cardholder Know at the Time of the Buy?
  - What ***SHOULD*** Cardholder Have Known?
- Violations Jeopardize Card Program's Future!

*by statute, different items bought from same source count toward $2500

SPLITTING OF REQUIREMENTS (Cont'd)

Example #1

- Cardholder Buys One $2400 Widget-
- Next Day, Learns That Someone Else in Org. Needs Identical Part
- As Long as an **Honest Effort was Made** to Consolidate the Organization's Requirements when first buy was made, **Not a Split Requirement**
- No Obligation to Learn Other Org. Rqmts

SPLITTING OF REQUIREMENTS (Cont'd)

Example #2

- Cardholder Normally Holds All Requests for Widgets Until End of Month in Order to Only Make One Buy
- After Realizing that the Requirement is >$2500, Buys Part One Day and Part the Next thus **Splitting the Requirement**
- Order From Existing Contracts or BPAs
- Contact Contracting for Business Advice

SPLITTING OF REQUIREMENTS (Cont'd)

CARD

- "Ad-Hoc"
- Stand-Alone Buy
- Non-Recurring Services
- "Onesies,Twosies"

CONTRACT

- Steady Demand
- Part of Annual Buy
- Recurring Services
- Economic Ordering Quantity

QUESTIONS/DISCUSSION